



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

---

# **FISCAL YEAR 2004 AUDIT AND INSPECTION PLAN**

**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



August 29, 2003

The Honorable Anthony A. Williams  
Mayor  
District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., 6<sup>th</sup> Floor  
Washington, D.C. 20004

The Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

**Re: Office of the Inspector General's Fiscal Year 2004 Audit and Inspection Plan**

Dear Mayor Williams and Chairman Cropp:

This letter transmits the Office of the Inspector General's (OIG) *Fiscal Year 2004 Audit and Inspection Plan* (Plan). This Plan has been prepared pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), which states, in part, that the Inspector General shall "[n]ot later than 30 days before the beginning of each fiscal year . . . and in consultation with the Mayor, the Council, and the Authority, establish an annual plan for audits to be conducted under this paragraph. . . ." For your convenience, as we did last year, we have incorporated our strategy for inspections into the Plan.

The Plan contains audits and inspections that are discretionary, required by law, or identified pursuant to special requests from District leaders, managers, and other stakeholders. Specifically, our Plan provides for conducting reviews that are designed to assess the results of various budgeted programs, which includes the economy and efficiency of actions taken to attain those results.

In formulating the Plan, we identified agencies and programs considered material in terms of service delivery and fiscal impact. Additionally, we considered risk factors, which include the following:

- material internal control weaknesses;
- potential fraud, other criminal acts, or improper practices;
- substantial violations of program directives or poor management practices that could seriously affect program accomplishment;
- major inefficiencies in the use of resources or management of operations; and
- significant program performance issues.

The OIG has and continues to play a role in assisting District management in addressing areas of risk. As such, we have developed five strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:


- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law

The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. To address these risks, the Plan has been designed to concentrate on five themes that take into consideration the legislative triggers that could require the District's return to the operational control of the D.C. Financial Responsibility and Management Assistance Authority. When District leadership and the OIG identify and address such risks early, the likelihood of returning to a control period in the future is minimized. Accordingly, the Plan provides for coverage, within the five themes, of the various events described in D.C. Code § 47-392.09 (2001) that could trigger the return to a "control period." *Id.* These events are discussed in more detail in the Plan.

The realities of having limited resources and the unknown priorities arising from exigencies throughout the year often determine how many audits or inspections we can ultimately initiate and complete in any fiscal year. Also, many of the audit and inspection areas included transcend a given fiscal year. It is our hope that District managers will use this Plan to help further identify risk areas within their respective agencies so that they may begin to address issues identified herein, or previously reported, and begin to take actions to improve operational efficiencies before our audit or inspection.

Copies of the enclosed Plan and our published audit and inspection reports are available at <http://OIG.DC.GOV>. If you have questions or desire additional information, contact me or Austin Andersen, Deputy Inspector General, at (202) 727-2540.

Sincerely,



Charles C. Maddox, Esq.  
Inspector General

Enclosure

CCM/cj

cc: See Distribution List

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**FISCAL YEAR 2004  
AUDIT AND INSPECTION PLAN**

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# INTRODUCTION



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## INTRODUCTION

The Office of the Inspector General (OIG) is pleased to present the Fiscal Year 2004 Audit and Inspection Plan (Plan) for the Government of the District of Columbia. Pursuant to D.C. Code § 2-302.08(a)(3)(I) (2001), the OIG, in consultation with the Mayor, and the District of Columbia City Council (Council), is required to establish an audit plan 30 days prior to the commencement of the new fiscal year.

The Plan includes descriptions of mandated audits and discretionary audits and inspections to be conducted in the upcoming fiscal year based on risk assessments of vulnerable programs and issues; input from the District's executive and legislative leadership, agency officials, and other stakeholders; and the requirements of federal law. This year, we have also included audits and inspections ongoing as of September 1, 2003.

In an effort to sharpen the focus of our audits and inspections, the OIG continuously assesses those programs and activities that pose the greatest risk to the District. Statutory mandates govern the conduct of many of our activities; however, the majority of our activities are discretionary. Responsible use of our discretionary powers has become increasingly important as the D.C. Financial Responsibility and Management Assistance Authority suspended its oversight role on September 30, 2001, and District stakeholders have emphasized their continuing commitment to avoid risks that could trigger the re-emergence of budget deficits and management inefficiencies.

The Plan includes OIG initiatives for audit and inspection coverage that will focus on areas that present the highest risks to maintaining the District's fiscal integrity and continued financial strength. In assessing these risks, our audit plan has been designed to concentrate on five strategic themes that will govern our operations, help us achieve our mandated mission, and further the Mayor's strategic initiatives. These themes are:

- I. Revenue Enhancement
- II. Spending and Efficient Use of Resources
- III. Delivery of Citizen Services
- IV. Support Services
- V. Audits Required by Law

Our Plan also takes into consideration the legislative triggers that could require the District's return to the operational control of the D.C. Financial Responsibility and Management Assistance Authority. D.C. Code § 47-392.09 (2002) states, in part, that a "control period" is initiated upon the occurrence of any of the following events:

- requisitioning by the Mayor of advances from the Treasury of the U.S. under Title VI of the D.C. Revenue Act of 1939;
- failure of the District government to provide sufficient revenue to a debt service reserve fund of the Authority;
- the default by the District government with respect to any loans, bonds, notes or other form of borrowing;
- the failure of the District government to meet its payroll for any pay period;
- the existence of a cash deficit of the District government at the end of any quarter of the fiscal year;
- the failure of the District government to make required payments to pensions and benefits; or
- the failure of the District government to make required payments to any entity established under an interstate compact to which the District of Columbia is a signatory.

We have undertaken an ambitious Plan, shaped in part by concerns of District leadership. Accordingly, our Plan reflects ideas and suggestions from the Mayor's office, Councilmembers, District agency officials, and others. The listing of a particular audit or inspection in this plan does not necessarily mean that problems exist or that a review will be undertaken. The realities of having limited resources and the unknown priorities arising from exigencies throughout the year often determine what audits or inspections can ultimately be initiated in any fiscal year. Additionally, this plan is designed to address audit areas that transcend a given fiscal year until identified risks facing the District are mitigated.

What follows is a short summary of each audit and inspection, ongoing as of September 1, 2003, or planned for fiscal year 2004. They are categorized first by theme and then by issue area within a theme. Issue areas are not mutually exclusive of other themes; however, an audit or inspection is listed under the issue area where the majority of the reviews are intended to focus.

# **THE AUDIT PROCESS**

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## **THE AUDIT PROCESS**

An established sequence of events occurs for every audit conducted. These steps include the announcement of the audit (engagement letter), entrance conference, fieldwork, exit conference, a resolution process, and audit follow-up. Each step is discussed below.

### **Engagement Letter**

Prior to the start of an audit, we normally send the head of the agency a letter announcing the audit. The letter includes the title of the audit effort and a project number and describes the audit objectives, the scope of the review and the planned starting date. The letter also explains that we plan to hold an entrance conference to brief the appropriate management officials about the audit. The engagement letter may also advise agencies of our working space requirements, any specific information needs, and other support requirements.

### **Entrance Conference**

At the beginning of each audit, we hold a formal entrance conference with the management officials whose operations are to be audited. It is at this initial meeting that the auditors will explain the purpose of the audit, including the audit objectives, the scope of the audit effort, audit methodologies, and audit reporting process. If management has requested the audit, it is an opportune time to discuss management's concerns and possibly adjust or add specific audit objectives to focus on management's specific areas of interest or potential problems. During the conference, we encourage management officials to bring to the attention of the audit team members any concerns, ideas, or special circumstances concerning the matters to be audited.

### **Fieldwork**

Audit fieldwork begins with the survey phase. In the survey phase, we obtain information on a program, activity, or function and perform initial tests in line with our audit objectives to discern any vulnerable areas on which we need to focus our audit efforts. After we complete the survey work, we will determine whether there is sufficient basis for additional audit work. When such a determination is made, we perform the second phase of fieldwork, which is the audit execution phase. Normally, the bulk of the audit work is performed in the audit execution phase, when more extensive reviews of records and documentation are undertaken and detailed tests are performed to determine whether programs and systems are functioning as intended. In this phase, the auditors will begin to develop their findings and recommendations.

Audit fieldwork often requires the cooperation of agency personnel to answer questions; provide access to original records, documentation, and files; and prepare information requested by the auditors. Keeping in mind that agencies need to focus on their normal workload, our auditors make every attempt to limit requests for information to the level necessary to complete the audit.

### **Keeping Agency Officials Informed**

During the course of the audit, we keep management officials advised of any deficiencies and/or weaknesses we identify. Our auditors are instructed to keep agency officials informed of the audit's progress and to be alert to issues that need to be immediately brought to management's attention. Managers of an organization being audited can also expect the following types of formal communications:

***Audit Memorandum.*** As the audit progresses, we may provide the agency head with interim findings (such as a Management Alert Report) or discussion drafts to alert the agency head of matters requiring immediate attention or action and to obtain informal comments regarding the accuracy and completeness of the audit findings.

This early communication serves three purposes:

1. It gives the agency the opportunity to voice concerns and provide additional information.
2. It reduces misunderstandings or inaccuracies.
3. It allows agencies to correct problems as they are identified.

***Audit Exit Conference.*** After all audit work is completed, we conduct an exit conference with agency officials. At the exit conference, we summarize the issues previously brought to management's attention as well as the findings and recommendations we may have developed. This is an opportune time to discuss the corrective actions needed to address any deficiencies. We encourage management to take immediate corrective action, if possible. Substantiated corrective actions taken by management are included in our draft report.

***Draft Audit Reports.*** After considering any comments and concerns raised at the exit conference, we prepare a draft report and send it to agency officials responsible for ensuring implementation of the corrective actions. Usually, we request the agency official to respond in writing to a draft report within 15 business days. The reply should include the actions taken and planned, target dates for any uncompleted actions, and the reasons for any disagreements with the findings or recommendations.

***Final Report.*** After carefully analyzing management's response to the draft report, we incorporate management's response into the body of the report and include the full text of the reply in an appendix to the report. We send copies of the final report to the official responsible for taking corrective action. This usually is the head of the agency. Copies of the final report are also provided to the Mayor, City Administrator, D.C. Council, and other officials, as appropriate. OIG audit reports may also be provided to congressional committees, individual members of Congress, and the press. Generally, audit reports are available to the public on the OIG website.

***Resolution Process.*** Prior to issuing the final report, the OIG will make every reasonable effort to resolve a disagreement with agency officials responsible for acting on report recommendations. If an agreement is not attainable, the final report will be issued and agency officials will be given another opportunity to comment on the final report. If comments to the final report indicate a continuing disagreement with the report's findings or recommendations, the issue will be resolved at the Inspector General level in conjunction with the Mayor.

***Audit Follow-up.*** District officials and managers are responsible for implementing the corrective actions they have agreed to undertake in response to the audit report. The OIG monitors progress in implementing audit recommendations. Periodically, the OIG conducts follow-up audits to verify that pledged actions have been taken and were effective in correcting reported deficiencies. In addition, the Executive Office of the Mayor has initiated a system to track OIG recommendations, agency responses, and corrective actions.



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# **THE INSPECTION AND EVALUATION PROCESS**

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## THE INSPECTION AND EVALUATION PROCESS

Consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government, the Inspections and Evaluations (I&E) Division is dedicated to providing decision makers with objective, thorough, and timely evaluations of District agencies and programs, and to making recommendations that will assist those agencies in achieving operational efficiency, effectiveness, and economy.

I&E has proven to be an effective mechanism for identifying weaknesses in agency operations, ensuring compliance with applicable laws, regulations and policies; identifying accountability; recognizing excellence; and promoting improvement in the delivery of services to District residents. The Division plans to complete inspections that focus on delivery of citizen services and the implementation of inspection recommendations to correct reported deficiencies.

I&E follows the inspection process adhered to by most federal OIGs and endorsed by the President's Council on Integrity and Efficiency. This process includes an official announcement letter to the agency head; an entrance conference where agency officials can alert the inspection team to areas that are of concern to management and where the parameters of the inspection are defined; surveys and focus groups, where appropriate; fieldwork, findings and recommendations in a draft Report of Inspection (ROI) which is reviewed and commented on by agency management; a final ROI; and an exit conference. During the course of an inspection, management will be advised of any significant findings that the inspection team believes require immediate attention.

The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations are made in each Report of Inspection that focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if the reported deficiencies remain uncorrected.

While mechanically similar to the audit process, inspections typically have a broader scope, often evaluating *all* of the key operations of an agency in order to help managers improve diverse policies, programs, and procedures. On the other hand, an audit is generally more narrowly focused and directed toward one or more specific operational or financial issues. Often, audits identify monetary and other benefits associated with economy, efficiency, and

program results. An inspection combines some of the best features of several disciplines, including management analysis, traditional program evaluation, audits, survey research, program monitoring, and compliance reviews.

The Inspections and Evaluations Division tracks agency compliance with recommendations resulting from an inspection. A *Findings and Recommendations Compliance Form* is issued for each finding and recommendation, along with the Report of Inspection, so agencies can record and report actions taken on I&E recommendations. Agencies are asked to provide target dates for completion of required actions, document when recommendations have been complied with, describe the action taken, and ensure that the forms are validated by the signature of the responsible agency official.

# **ADDITIONAL REPORTING AND ALERTS**

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## **ADDITIONAL REPORTING AND ALERTS**

In addition to final reports issued upon the completion of an engagement, the OIG has instituted three special reports:

- Management Alert Report (MAR)
- Management Implication Report (MIR)
- Fraud Alert Report (FAR)

A MAR is a report that is issued to the head of an agency for the purpose of identifying systemic problems that should and can be addressed during an audit, investigation, or inspection process. This report can also be used as a quick reaction report when it is necessary to advise management that significant time-sensitive action is needed.

A MIR is a report that is issued during or at the completion of an audit, investigation, or inspection alerting all District agencies of a potential problem, which may or may not be occurring in their particular agency.

A FAR is a report identifying a fraudulent scheme or schemes discovered most commonly as a result of a criminal investigation. This report is issued to alert all District agencies to be “on the lookout” for similar schemes.



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## **THEME/AGENCY INDEX**

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<sup>1</sup> "O" indicates the review is ongoing as of September 1, 2003, and "P" indicates the review is planned to start in FY 2004.

| Theme/Issue Area/Review Title  | A<br>G<br>E<br>N<br>C<br>Y | S<br>T<br>A<br>T<br>U<br>S <sup>1</sup> | P<br>A<br>G<br>E |
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| Theme/Issue Area/Review Title   | A<br>G<br>E<br>N<br>C<br>Y | S<br>T<br>A<br>T<br>U<br>S <sup>1</sup> | P<br>A<br>G<br>E |
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# **PLANNED AND ONGOING AUDITS AND INSPECTIONS**



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## **I. REVENUE ENHANCEMENT**

Similar to other municipal jurisdictions across the U.S., the District continues to experience a general downturn in the economy that has impacted District revenue, making it increasingly difficult to meet planned spending levels. For fiscal year 2004, we will perform audits that assess whether the District is effective in levying and collecting tax-based revenue, acting on all grant-based revenue opportunities, executing effective Medicaid reimbursement programs in the agencies, and optimizing other revenue generating activities. These audits address whether the District is maximizing its revenue potential from all known revenue sources.

We categorized planned Revenue Enhancement reviews into Issue Areas that, while not mutually exclusive of other OIG themes, are primarily focused on the Revenue Enhancement theme. Accordingly, the Issue Areas are Medicaid, Grants Management, Tax Collections, and Other Revenue Issues.

### **A. Medicaid**

The Medicaid Program has been of continuing concern to the District for some time and has been identified in recent Management Reports related to the Comprehensive Annual Financial Report as a material weakness affecting the District's financial management infrastructure. At least one Congressional committee, as well as the Mayor and the Council, recognized that Medicaid is a serious problem for the District that has threatened the solvency of some District agencies. For these reasons, the OIG has designated the Medicaid Program for audit emphasis until the risk to the District is more manageable. Accordingly, our plan for Medicaid coverage is citywide and comprehensive and will be coordinated with the Office of Medicaid Public Provider Operations Reform. Reviews contemplated include the Medicaid waiver process, Medicaid transportation, Medicaid documentation, and Medicaid records management. Additionally, we will identify ongoing efforts to resolve past and current Medicaid problems and new pressures on the Medicaid Program. The District's Medicaid Program currently expends approximately \$1 billion each fiscal year.

**NO. 1**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **COMPREHENSIVE AUDIT OF THE DISTRICT'S MEDICAID PROGRAM**

**OBJECTIVES:**              Our objectives are to determine whether: (1) an adequate financial management infrastructure exists to track Medicaid accounting events; (2) adequate internal controls, including written policies/guidance, exist for authorizing, recording, and reporting Medicaid claims and for filing timely and adequately supported Medicaid claims; and (3) record management is adequate for maintaining necessary supporting documentation.

**JUSTIFICATION:**      Medicaid expenditures are nearly 20 percent of total District general fund expenditures. Medicaid expenditures for all District agencies (federal and local funds) reached nearly \$1 billion in each fiscal year from FY 2000 through FY 2002. Over 130,000 District residents rely on Medicaid in order to obtain health-related services.

In addition to Medicaid's obvious budget impact, interest in Medicaid is tied to the fact that Medicaid accounting and reporting were cited as material weaknesses in the management letter issued in conjunction with the FY 2002 Comprehensive Annual Financial Report. Failure to timely file Medicaid claims, to maintain adequate supporting documents, and to timely and properly record reserves for Medicaid led to the need to record a \$107 million allowance for possible uncollectible Medicaid claims at the end of FY 2002.

The audit will be conducted in phases to ensure comprehensive citywide coverage of the Medicaid Program.

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**NO. 2**                      **Department of Health (DOH)**                      **STATUS: Start FY 2004**

**TITLE:**                      **MEDICAID TAXICAB VOUCHER PROGRAM**

**OBJECTIVES:**              The objectives of the audit are to determine whether DOH, in relation to the Medicaid Taxicab Voucher Program: (1) established adequate operating regulations, procedures, and guidelines; (2) complied with applicable procedures and guidelines; (3) properly approved and documented taxicab fare reimbursements; and (4) implemented adequate internal controls to guard against fraud, waste, and abuse.

**JUSTIFICATION:** The Medicaid Fraud Control Unit of the OIG made a referral to the Audit Division for a review of the internal controls associated with payments of taxicab fees. This audit will undertake a review of the issues based on that referral.

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## **B. Grant Management**

The District depends on federal grant funds to support its ability to provide a wide range of services and programs for its citizens. Federal grants account for a significant portion of District revenue. Therefore, it is essential that the District properly account for grant funds and obtain timely reimbursement for District funds expended. The Chief Financial Officer of the District has the responsibility to ensure that policies governing the management of grant funds are effectively implemented.

Deficiencies related to federal grants include non-compliance with reporting requirements, poor cash management practices, insufficient monitoring, untimely billings/requests for reimbursements, and inadequate supporting documentation for related expenditures. These deficiencies have cost the District millions of dollars, in addition to the use of funds and lost interest. Poor controls over these areas may result in unused grant funds, termination of fund availability, and potential fines and/or penalties. Grant management has emerged as a persistent problem area as indicated by findings and recommendations of past OIG inspections and audits.

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| <b>NO. 3</b>       | <b>D.C. Office on Aging</b>   | <b>STATUS: Ongoing</b> |
| <b>TITLE:</b>      | <b>MANAGEMENT OF GRANTEE OPERATIONS AT THE OFFICE ON AGING</b>  |                        |
| <b>OBJECTIVES:</b> | Our audit objectives are to determine whether the District of Columbia Office on Aging (DCOA): (1) achieved program results in an effective, efficient, and accurate manner; (2) complied with requirements of applicable laws, regulations, policies, procedures, and contract (grant) requirements; and (3) had internal controls in place to prevent or detect material errors and irregularities. |                        |

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**JUSTIFICATION:** This audit is being performed at the request of the DCOA, Executive Director. DCOA is responsible for advocating, planning, implementing, and monitoring programs in health, education, employment, and social services to District residents 60 years of age and over, to promote longevity, independence, dignity, and choice. DCOA provided over 81,011 services to seniors in the District for FY 2002. DCOA's annual budget is over \$20 million.

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**NO. 4**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **SINGLE AUDIT PROCESS**

**OBJECTIVES:**                      The objective of this audit is to follow-up on Management Implication Report (MIR No. 01-A-02), which addressed the status of the District of Columbia's compliance with the Single Audit Act. *See* The Single Audit Act of 1984 (Pub. L. No. 98-502).

**JUSTIFICATION:** Although the MIR did not make any specific recommendations, it did identify the District's lack of compliance with the Single Audit Act. Non-federal entities (state and local governments and non-profit entities) receiving federal financial assistance in the form of grants, loans, loan guarantees, and property must comply with the Single Audit Act. The Single Audit Act requires non-federal entities expending federal funds totaling \$300,000 or more per year to complete a single audit or program specific audit. The single audit must be completed and submitted to the federal agency with oversight authority within 9 months following the end of the fiscal year. Thus, District agencies must have an audit completed by June 30th. Failure to comply with the Single Audit Act can result in severe penalties, such as the withholding, suspension, or termination of federal funds. If a non-federal entity expends less than \$300,000 for a particular year, it is exempt from the audit requirements for that year.

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**NO. 5**                      **Multi-Agency**                      **Status: Start FY 2004**

**TITLE:**                      **GRANT DRAWDOWNS**

**OBJECTIVES:**                      Our audit objectives are to determine whether: (1) District agencies are initiating grant drawdowns; (2) drawdowns are timely and

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accurate; (3) funds are disbursed to eligible recipients; and (4) drawdowns exceeded the authorized grant amount.

**JUSTIFICATION:** Each year the District government receives billions of dollars in grant funds from federal agencies. The District agencies are responsible for collecting funds owed by grantors. Collection procedures for grants vary by grantor; however, grant drawdowns are usually initiated to reimburse the District for valid grant expenditures. When District agencies fail to drawdown grant funds from the federal government or obtain reimbursement from private grantors in a timely manner, the city has to advance the money to District agencies (from the District's General Fund) and wait to be reimbursed by the grantors. As a result, the city potentially can lose hundreds of thousands of dollars in interest accumulation each year.

According to the IG report on the Implementation of the Cash Management Improvement Act For the Period October 1994 to September 30, 1998, the District lost the use of funds in excess of \$6.55 million that were not timely reimbursed. This resulted in an additional \$330,000 in interest on the \$6.55 million that was not collected from the Treasury Department. The grant drawdown problem still exists today. For example, according to the IG Audit of the Department of Housing and Community Development (DHCD) Management of Home Investment Partnership Program, dated September 30, 2002, DHCD failed to obtain \$1,315,178 in reimbursable HOME cost and reimburse the District of Columbia general fund accounts in a timely manner.

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| <b>NO. 6</b> | <b>Multi-Agency</b> | <b>Status: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>ADVANCE PAYMENTS TO GRANT RECIPIENTS</b> |
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| <b>OBJECTIVES:</b> | Our audit objectives are to determine whether advance payments to grant recipients are being properly established, administered, and recorded. |
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| <b>JUSTIFICATION:</b> | The District of Columbia Office of the Chief Financial Officer policies and procedures manual provides no guidance regarding advance payments. The District's Office of Finance and Treasury and the Office of Research and Analysis are unaware of any guidance pertaining to advance payments to grant recipients. Although some grants allow for advance payments, authorizing advance payments to |
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grant recipients occurs on an agency-by-agency basis, depending on the grant stipulation.

During an ongoing audit being conducted by the IG, it was noted that cash advances were being made to a sub-recipient, but the grant agreement lacked guidance on advance payments. Approximately \$13.5 million had been advanced to the sub-recipient over a 5-year period, which exceeded the amount requested by the sub-recipient. The float of advance funds caused the District to lose interest it could have accrued on these funds.

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**NO. 7**                      **Multi-Agency**                      **Status: Start FY 2004**

**TITLE:**                      **MONITORING GRANTS EFFECTIVELY**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) grant funds are spent in an effective and efficient manner, and (2) agencies have policies and procedures in place to ensure effective grant oversight.

**JUSTIFICATION:**      During FY 2002, the District government received over \$1 billion in grant funds from federal agencies. Agency heads are responsible for ensuring that their staff effectively manages the agency's grant. Successful grant management entails planning, budgeting, application, implementation, monitoring, and evaluation. Basic monitoring of subgrantees and/or contractors includes frequent, scheduled telephone reviews; written progress reports; financial status reports and payment requests; review of draft deliverables; and, if applicable, site visits and audits.

Monitoring grants effectively is not only a problem in the District government, but tends to be a problem in other jurisdictions as well. A June 11, 2003, report prepared by the United States General Accounting Office found that the Environmental Protection Agency faced persistent problems in overseeing its grants. Another report prepared by the State Auditor's Office in Texas disclosed that the Telecommunications Infrastructure Fund Board paid a contractor \$5.8 million from Fiscal Year 1999 through May 2002 to perform the grant monitoring function. However, the contractor conducted on-site monitoring visits at only 1 percent of all grantees.

According to an OIG report on the District of Columbia Housing Authority's (DCHA) Monitoring of HOPE VI Projects, dated February

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13, 2003, DCHA had been awarded seven HOPE VI grants, totaling approximately \$110 million. Four of the HOPE VI awards were to be used for major revitalization/redevelopment projects and three for demolition projects to remove obsolete public housing units. The report noted that DCHA had neither developed nor implemented a standard reporting process to document, monitor, or evaluate redevelopment activities undertaken by contractors or developers under contract.

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**NO. 8** **Multi-Agency** **Status: Start FY 2004**

**TITLE:** **SUFFICIENCY OF GRANT AGREEMENTS**

**OBJECTIVES:** Our audit objective is to assess whether grant agreements are written sufficiently to be considered complete and enforceable in order to achieve administrative efficiency and program results. Also, we plan to determine if the agency has standard requirements regarding form and content of grant agreements.

**JUSTIFICATION:** During ongoing audits being conducted by the OIG, it was noted that grant agreements are insufficiently written to be considered complete and enforceable. In most instances, the statement of work is vague, lacks detail, and is missing key elements and functions that the grantor or grantee is currently performing. For example, Community Development Program (CDP) grants must be in the form of a written agreement and otherwise constitute a legally binding document. *See* 10 DCMR § 6904.1. Moreover, the regulations state that CDP grants may include provisions relating to the purpose, amount, and terms of the grant funds; time of performance; payment method; audit requirements, etc. *See id.* § 6904.2

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**NO. 9** **Multi-Agency** **Status: Start FY 2004**

**TITLE:** **ACQUISITION OF COMPETITIVE GRANTS FOR THE DISTRICT OF COLUMBIA**

**OBJECTIVES:** Our audit objective is to evaluate the Office of Partnerships and Grants Development (OPGD) operations/programs for managing and maximizing grant opportunities. Also, we will review the process

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District agencies employ to apply for eligible grants when OPGD notifies an agency of its availability.

**JUSTIFICATION:** Grants from the federal government and various foundations make up a significant percentage of the District's annual revenue. The Mayor has designated OPGD as the District's central clearinghouse of information on federal grants. All federal grant opportunities, for which government agencies or nonprofit organizations in the District of Columbia are eligible, are tracked by OPGD. OPGD's primary focus is to enhance federal grants development.

### C. Tax Collections

Tax collections generate the bulk of revenue to finance District operations paid from the General Fund. For FY 2004, it is estimated that taxes will generate about \$3.3 billion in revenues for the District. Further, the General Accounting Office, as well as District officials, have drawn attention to the structural imbalance in the District's revenue system that limits the District's ability to generate additional revenues. Thus, the efficiency of the tax collection automated systems and the effectiveness of policies, procedures, and internal control plays a pivotal role in enabling the District to maximize collection of taxes due to the city.

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| <b>NO. 10</b>         | <b>Office of Tax and Revenue</b>   | <b>STATUS: Start FY 2004</b> |
| <b>TITLE:</b>         | <b>TAX APPEAL PROCESS</b>  |                              |
| <b>OBJECTIVES:</b>    | The audit objective is to determine whether negotiations and settlements of cases involving tax audits and tax collections are made in accordance with applicable policies and procedures and to evaluate the impact of the those operations on tax revenues.  |                              |
| <b>JUSTIFICATION:</b> | The mission of the Office of Tax Appeals is to enhance voluntary compliance and improve taxpayer confidence in the District of Columbia by providing taxpayers an opportunity to resolve disputes, without litigation, through a process that is fair and impartial to both the government and the taxpayer. The Office of Tax Appeals issues a decision either ordering the Audit or Collection Division to grant the relief sought by the taxpayer or affirming the examination or collection determination. |                              |

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**NO. 11**                      **Office of Tax and Revenue**                      **STATUS: Start FY 2004**

**TITLE:**                      **REAL PROPERTY TAX ASSESSMENTS**

**OBJECTIVES:**            The audit objective is to determine whether the Office of Tax and Revenue (OTR) assessed real property taxes uniformly and accurately.

**JUSTIFICATION:**    The OTR is responsible for real property assessments, billings, and administration of the District's real property tax programs. Real property tax assessments are the second largest source of revenue in the District. Initial budget revenue estimates for FY 2004 are approximately \$921 million annually. As of FY 2001, OTR began assessing real property at estimated market value. On August 30, 2002, OTR released its 2003 Assessment Ratio Report. This report measured the quality of the assessments made by OTR by comparing the 2003 real property tax assessments to 2001 sales prices. The average and median assessed value/sale price ratios, based on OTR assessments ranged between 88.4 percent and 86.4 percent, respectively, of market value.

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**NO. 12**                      **Office of Tax and Revenue**                      **STATUS: Start FY 2004**

**TITLE:**                      **HOMESTEAD AND SENIOR CITIZEN PROPERTY TAX DEDUCTIONS**

**OBJECTIVES:**            The audit objectives are to determine whether the Office of Tax and Revenue (OTR) managed the Homestead and Senior Citizen Property tax deductions in an effective, efficient, and accurate manner; complied with requirements of applicable laws, regulations, policies and procedures; and had internal controls in place to prevent or detect material errors and to recoup any lost tax revenue.

**JUSTIFICATION:**    Past audits have disclosed that the District may have lost approximately \$44.7 million in real property (real estate) tax revenue due to a lack of effective managerial oversight and direction over homestead and senior citizen property tax deductions. In addition, the District did not have effective manual and automated processes for granting, revoking, monitoring, and calculating these tax deductions.

According to OTR, there are over 70,000 real properties in the District that receive the Homestead and Senior Citizen property tax deduction.

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To qualify for the Homestead deduction, OTR must have a current application on file, the owner must occupy the property, and it must be the principal residence of the owner.

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**NO. 13**                      **Office of Tax and Revenue (OTR)**                      **STATUS: Start FY 2004**

**TITLE:**                      **DELINQUENT TAX COLLECTIONS**

**OBJECTIVES:**                      The overall audit objective will be to determine whether the Office of Tax and Revenue's tax collection processes and procedures are efficient, effective, and timely. Specifically, we will determine whether OTR is effectively filing tax liens on delinquent accounts to protect the District's interest, collect back taxes, and encourage compliance with tax laws.

**JUSTIFICATION:**                      OTR is responsible for collecting the proper amount of tax due to the District. Individual, corporate, and unincorporated income taxes are the largest source of revenue in the District. Individual income tax revenue is the largest of the three sources. Estimated individual tax income revenues for FY 2004 are over \$923 million.

As of August 6, 2003, OTR had 31,015 delinquent accounts open totaling over \$84 million. The D.C. Code grants OTR the right to file liens, place levies on taxpayer's property, and seize and sell taxpayer property to collect tax owed to the District. The FY 2000 Tax Clarity Act (D.C. Law 13-305) stipulates that tax levies have only a life span of 10 years. If OTR has failed to collect tax owed within 10 years from the date of the tax assessment, absent an agreement to extend the period, the District loses all rights to pursue taxes owed and revenues are lost.

**D. Other Revenue Issues**

This Issue Area includes those audits within the Revenue Enhancement Theme that do not yet have sufficient common elements to warrant a unique issue area.

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**NO. 14**                      **Office of the Chief Financial Officer**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF THE 401(a) DEFINED CONTRIBUTION PENSION PLAN**

**OBJECTIVES:**              Our audit objective is to determine whether forfeitures from the defined contribution plan are prudently managed in accordance with law and regulation.

**JUSTIFICATION:**          Research of the 401(a) defined contribution plan shares indicates that nearly \$27.5 million has accumulated in a forfeiture account. Preliminary review of federal criteria indicates that forfeitures should not accumulate but instead should be used timely to offset new contributions by the District government for the Defined Contribution Pension Plan participants. Timely offsets may make amounts budgeted for new contributions available for other uses or may cause a decrease in the need to fully budget for new contributions.

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**NO. 15**                      **Office of the Chief Financial Officer**                      **STATUS: Start FY 2004**

**TITLE:**                      **DISTRICT BOND COVENANTS**

**OBJECTIVES:**              The audit objectives are to determine whether funds generated by bonds are used in compliance with their covenants and for intended purposes.

**JUSTIFICATION:**          The District issues general obligation bonds to pay the costs of acquiring or developing capital projects and to refund outstanding indebtedness. The Office of Finance and Treasury's (OFT) handles the issuance of these bonds. OFT's mission includes overseeing the financing of the District's capital program and cash flow needs, and exercising fiscally responsible debt management practices to minimize the cost of borrowing, pay down existing debt as amortized, and

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maintaining appropriate debt ratios. The District has approximately \$3.06 billion in outstanding general obligation bonds.

The District's general obligation bonds are backed by the full faith and credit of the District and are secured by the District's semi-annual collection of special real property taxes. The interest earnings on these bonds are free from federal income taxation. In March 2003, Moody's Investors Service changed the District's bond rating outlook from stable to positive. Several other cities were downgraded or given negative outlooks during this time due to concerns related to the weak economy.

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**NO. 16**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **PARKING TICKET AND METER COLLECTIONS**

**OBJECTIVES:**              The audit objectives are to evaluate the District's policies and procedures for parking ticket adjudication to ensure timely collection for parking ticket payments and to ensure adequate internal controls of the collection process. In addition, we will evaluate the controls over parking meter collections.

**JUSTIFICATION:**          DPW provides on-street parking enforcement services in the District to improve public safety, the quality of life, and economic competitiveness by maintaining access to short-term, low-cost public parking. These goals are achieved by encouraging voluntary compliance with parking regulations and taking enforcement actions as necessary. DPW parking enforcement services include issuing citations for parking violations and enforcement through booting, towing, and impoundment. The Department is also responsible for investigating and removing abandoned and junk vehicles from the street.

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**NO. 17**                      **D. C. Lottery and Charitable Games Control Board**                      **STATUS: START FY 2004**

**TITLE:**                      **D.C. LOTTERY AND CHARITABLE GAMES CONTROL BOARD**

**OBJECTIVES:**              Our audit objectives are to evaluate the effectiveness of the D. C. Lottery and Charitable Games Control Board (Lottery Board) internal controls over ticket sales, agent licensing activities, collection of sales

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revenue from agents, monitoring of the on-line game contractor, and security operations. We will also assess whether the Lottery Board's operations are in compliance with applicable provisions of the law as well as D.C. and Lottery Board regulations.

**JUSTIFICATION:** Previous audits revealed weaknesses and inefficiencies in the design and operation of the internal control structure of Lottery Board operations. A follow-up audit found that 7 of 29 previously reported recommendations were not implemented. We also found conditions warranting five additional recommendations. Although the Lottery Board responded favorably to our follow-up report findings and recommendations, we remain concerned about the Lottery Board's operations in view of internal control problems and the risks associated with lottery sales. For FY 2004, lottery sales, instant games and on-line numbers games are expected to generate \$232 million.

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**NO. 18**                      **Multi-Agency**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF THE AUCTION PROCESS FOR THE DISTRICT'S SURPLUS PROPERTY**

**OBJECTIVES:** Our audit objectives are to determine whether the Office of Contracting and Procurement: (1) auctioned surplus property in an efficient, effective, and economical manner; (2) complied with the requirements of applicable laws, rules and regulations, policies and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.

**JUSTIFICATION:** The primary function of the Office of Contracting and Procurement, Personal Property Division, is to dispose of excess and surplus personal property belonging to the District government. Each month, with the exception of December, the Personal Property Division operates an auction that is open to the general public. We will evaluate the auction process, and determine whether improvements are necessary to enhance the District's revenue base.

## II. SPENDING AND EFFICIENT USE OF RESOURCES

Spending pressures in the last couple of years have sharpened our resolve to examine programs that present the greatest risk of monetary drain on District funds. As such, we have ongoing audits that address the cost of child support systems and the efficiency of procurement activities at the DCPS and DHCD. For FY 2004, we plan to review programs related to disability compensation, the University of the District of Columbia, and infrastructure issues such as deferred maintenance and vehicle maintenance and acquisition. We will also concentrate on procurements of goods and services, focusing on the acquisition of computer hardware, software and services, consultant contracts, sole source contracting, and management over advance payments to contractors.

### A. Procurement

The District of Columbia government is one of the largest purchasers of goods and services in the metropolitan area. Its procurement policies impact every aspect of District operations. Health and safety standards, education, wages, business growth, and fiscal and monetary soundness are all affected by procurement practices. These expenditures, however, have not always provided taxpayers with the most for their tax dollars. OIG audits, external audits, and oversight hearings have revealed recurrent and pervasive areas of waste, mismanagement, cost overruns, inferior products, shoddy workmanship, and fraud.

To maintain the confidence and trust of District stakeholders, the procurement process must provide for quality products and services at reasonable prices. Accordingly, the OIG has implemented an initiative to audit procurement and contract administration on a continuous basis consistent with the OIG Act, which mandates this Office to conduct audits of District procurements.

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| <b>NO. 19</b>      | <b>Department of Corrections (DOC)</b>  | <b>STATUS: Ongoing</b> |
| <b>TITLE</b>       | <b>DOC CORRECTIONAL TREATMENT FACILITY (CTF)<br/>CONTRACT</b>   |                        |
| <b>OBJECTIVES:</b> | Our announced audit objectives are to determine whether: (1) the contract was properly solicited and awarded in accordance with |                        |

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existing procurement regulations; (2) the contract is being properly administered; and (3) the contractor is performing effectively.

**JUSTIFICATION:** In January 1997, the District awarded a 20-year contract for the operation and management of the CTF. The DOC compensates the CTF contractor based on the daily per diem rate and the number of inmates housed at the treatment facility. In 2003, the District modified the CTF contract so that the contractor is no longer required to provide medical and food services for the CTF inmates. The District also reduced the contracted daily per diem rate to reflect the change. From October 2001 through April 2003, the District paid the contractor approximately \$32 million for operating and managing the CTF.

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**NO. 20** **Multi-Agency** **STATUS: Ongoing**

**TITLE:** **PROCUREMENT AND CONTRACT ADMINISTRATION AT FIRE AND EMERGENCY MEDICAL SERVICES (FEMS) AND OFFICE OF CONTRACTING AND PROCUREMENT (OCP)**

**OBJECTIVES:** Our audit objectives are to determine whether: (1) OCP and FEMS complied with applicable laws, regulations, policies and procedures; (2) OCP operated in an efficient, effective, and economical manner; and (3) contracts were administered or monitored adequately.

**JUSTIFICATION:** This audit is being performed at the request of the Executive Office of the Mayor. FEMS is responsible for providing fire suppression, technical rescue, fire prevention and education, and pre-hospital care and transport to people who live, work, visit, and conduct business in the District. FEMS's annual budget totals over \$123 million and supports over 2,000 full-time employees.

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**NO. 21** **Multi-Agency** **STATUS: Start FY 2004**

**TITLE:** **SOLE SOURCE CONTRACTS**

**OBJECTIVES:** The objectives of the audit are to determine whether: (1) sole source procurements were justified, including the reason a competitive process cannot be used; and (2) agencies complied with the sole source policies and procedures, and procurement regulations of Title 27 of the DCMR.

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**JUSTIFICATION:** According to a statistical report provided by the Office of Contracting and Procurement (OCP), 555 sole source contracts, totaling \$301 million, were awarded by 25 District agencies during FY 2003 (as of July 3, 2003). Past audits have shown that many sole source contracts have been awarded without legitimate justification, also referred to as a Determination and Findings.

Unjustified sole source contracts may occur because District agencies do not effectively plan for procurements or because District agencies do not identify procurement needs in a timely manner. The lack of effective planning may cause the District to award sole source contracts and subsequently pay more for services than it would normally have to pay under the competitive procurement process.

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**NO. 22**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **CONTRACT ADMINISTRATION**

**OBJECTIVES:**              The objectives of the audit are to evaluate the adequacy of contract administration for contracts awarded by various District agencies by: (1) determining whether the contract administration staff is properly trained to perform its duties of contract monitoring and oversight; (2) ensuring that the contractor adheres to the contract terms and conditions; (3) determining whether the contract administration staff communicates effectively and adequately with the contracting officer; (4) verifying that contractors are providing quality assurance by the delivering of goods and/or services; and (5) verifying that District funds are used for the purposes intended.

**JUSTIFICATION:** Past audit reports have indicated that insufficient contract administration may have contributed to poor financial management practices and circumvention of internal controls. In addition, the contracting agency may not have exercised effective monitoring and oversight of the contractor's performance. It is imperative that aggressive monitoring and oversight of contract performance is exercised to ensure that District contracts are administered in the best interests of the District.

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**NO. 23**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **EXPERT AND CONSULTING SERVICES**

**OBJECTIVES:**            The objectives of the audit are to determine whether: (1) District agencies administer consulting contracts effectively and efficiently; and (2) the Office of Contracting and Procurement (OCP) ensures that District agencies comply with procurement laws and regulations when contracting for consulting services.

**JUSTIFICATION:**    OCP contracts for expert or consulting services on behalf of District agencies to provide specialized services that aid in the efficient, effective, and economical management of the District. However, in the past, concerns have been expressed regarding whether the District's use of consulting services is the most cost-efficient and effective use of District resources.

According to a contract listing of consulting and other service contracts provided by the Office of the Chief Technology Officer (OCTO), 1,529 consulting and other service contracts, totaling \$164.4 million, were awarded by OCTO during FY 2003 (as of August 7, 2003).

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**NO. 24**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **CONSTRUCTION CONTRACTS**

**OBJECTIVES:**            The objectives of the audit are to determine whether: (1) District agencies used the competitive bidding process when soliciting construction contracts; and (2) if each District agency monitored its contracts to ensure satisfactory deliverables.

**JUSTIFICATION:**    The Capital Construction Services Administration, which operates under the Office of Property Management (OPM), ensures the timely and cost-effective delivery of quality engineering design, construction, and other technical services for capital development projects that are under the purview of OPM. According to the FY 2004 Proposed Budget and Financial Plan, \$50 million was budgeted for construction contracting for OPM during FYs 2004-2009, of which \$23.3 million was allotted for FY 2004.

The District has experienced problems regarding the administration of construction contracts. It is of paramount importance that internal controls are in place to ensure that construction contractors properly price property and/or services and submit accurate invoices and appraisals.

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**NO. 25**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **USE OF LETTER CONTRACTS**

**OBJECTIVES:**              The audit objectives are to determine whether letter contracts: (1) are justified and meet the requirements of Title 27 DCMR; (2) are definitized in a timely manner; and (3) include a price ceiling for the anticipated definitive contract.

**JUSTIFICATION:** District agencies rely on letter contracts and other undefinitized contract actions to expedite the start of work by the contractor. In some instances, the District's interests may demand a contractor to begin work immediately for manufacturing goods or performing services when a definite contract cannot be executed in a timely manner.

Many letter contracts may not be adequately supported with a justification (Determination and Findings) that clearly establishes that no other type of contract is suitable for a given procurement. Additionally, in the event that letter contracts are justified, a definitive contract should be executed within a given time period. The audit would determine if these and other requirements have been met.

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**NO. 26**                      **Multi-agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **ADVANCE PAYMENTS TO CONTRACTORS**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) contractors are meeting eligibility criteria to receive advance payments; and (2) advance payments to contractors are being properly administered and monitored. Additionally, we will follow-up on prior audits relative to this audit area.

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**JUSTIFICATION:** The Office of Contracting and Procurement (OCP) provides services in bureaus located in numerous agencies and at the headquarters location. The service bureaus are staffed by Agency Chief Contracting Officers and procurement specialist and are organized into clusters, such as Public Safety and Human Services. An Assistant Director who has senior contracting experience manages each cluster. OCP agency customers are provided contract program training, assistance with the development of statements of work, and purchase cards for the acquisition of needed supplies.

According to an IG report on the Audit of Procurement Activities Office of Contracting and Procurement, dated July 27, 2000, the District improperly advanced payments to contractors, totaling nearly \$4 million. Title 27 of the DCMR, Sections 3205 through 3208, discuss the regulations regarding advance payments to contractors.

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| <b>NO. 27</b> | <b>Multi-Agency</b> | <b>STATUS: Ongoing</b> |
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| <b>TITLE:</b> | <b>PROCUREMENT ACTIVITIES BY THE OFFICE OF CONTRACTING AND PROCUREMENT AND THE DEPARTMENT OF HUMAN SERVICES</b> |
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| <b>OBJECTIVES:</b> | The objective of the audit is to determine whether OCP and DHS complied with procurement laws, regulations, and policies for selected DHS administered contracts. We will also review selected DHS contracts to determine if there was a proper level of oversight to ensure contractor compliance with contract terms and conditions, and whether the contracts were properly obligated and expended. |
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| <b>JUSTIFICATION:</b> | The overall mission of DHS is to provide quality-of-life support services to disadvantaged individuals and families within the District to improve their lives and to promote maximum self-reliance. The department has eight administrative offices to deliver public assistance and other social and human support services. During FYs 2001 and 2002, we found that OCP had an average of 182 active contracts for DHS services with a total value of \$67.87 million, excluding purchase and task orders and expired contracts. |
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**B. Social Service Spending**

Because social service programs are designed to meet some of the most basic and vital needs of District residents, we plan to review the extent to which expenditures were made to maximize program efficiency and effectiveness for citizens.

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**NO. 28**                      **Child and Family Services Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **FOSTER CARE PROGRAM**

**OBJECTIVES:**            The objectives of the audit are to determine whether the Child and Family Services Agency (CSFA): (1) managed the Foster Care Program in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, rules and regulations, policies and procedures; and (3) implemented internal controls to ensure the health, safety, and welfare of children in youth residential facilities. Our initial audit will focus on CFSA's intake and placement process. Other areas of audit coverage will include, but not be limited to, foster parent requirements, general licensing procedures, reporting of unusual incidents, and personnel qualifications and training.

**JUSTIFICATION:**        The CSFA spends approximately \$28 million annually on contracted foster and group homes for abused and neglected children. There has been a continuing concern about the adequacy of care provided to these children, with cost, health, safety, and social well-being as some of the primary issues affecting the care and development of abused and neglected children. In addition, recent public outcry over the living conditions of children residing in foster and group homes in several states as well as specific reports of abuse of children under foster and group home care necessitate an audit of the District's foster and group home program.

**NO. 29**                      **University of the District of Columbia**                      **STATUS: Start FY 2004**

**TITLE:**                      **MANAGEMENT OPERATIONS AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA**

**OBJECTIVES:**              The audit objectives are to determine whether the University of the District of Columbia (UDC): (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies and procedures; and (3) implemented internal controls to prevent or detect material errors and irregularities.

**JUSTIFICATION:**      The UDC is an urban, land-grant institution of higher education with an open admissions policy. It is a comprehensive public institution offering affordable post-secondary education to D. C. residents at the certificate, associate baccalaureate and graduate levels. The goal of these programs is to prepare students for immediate entry into the workforce, the next level of education, specialized employment opportunities, and promote life-long learning.

UDC's budget for FY 2004 is estimated at \$87.6 million, including a proposed level of 1,086 FTEs. The FY 2003 approved budget for UDC was \$90.5 million and included an approved FTE level of 1,128 employees. UDC enrolls a cross-section of more than 20,000 students per year. Over 5,000 student are enrolled in credit courses and more than 15,000 students are served in noncredit courses through UDC's Division of Community Outreach and Extension Service.

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**NO. 30**                      **District of Columbia Public Schools**                      **STATUS: Ongoing**

**TITLE:**                      **STATE EDUCATION OFFICE SEVERE NEEDS BREAKFAST PROGRAM**

**OBJECTIVES:**              The audit objective is to determine whether schools have submitted accurate, valid, and sufficient cost data to the State Education Office so that it may determine each schools' eligibility to receive reimbursement for meals at the "severe need" rates.

**JUSTIFICATION:**      This audit was requested by The State Education Office, (SEO) Special Nutrition and Commodity Programs Division (SNAC). The SNAC administers several child nutrition programs for the District of Columbia. Some of these schools participating in the National School

Breakfast Program (NSBP) are entitled to additional funds under the severe need breakfast category, if they meet additional eligibility guidelines. While the SEO is the administrator/monitor of the program at the State level, the U.S. Department of Agriculture (USDA) is the monitor of the program at the national level.

Annually, USDA conducts a Management Evaluation of the programs within the SEO. The result of a recent Management Evaluation has led to the SEO being continuously cited for non-compliance in this area. Based on these repeat citations, the SEO requested the OIG to perform an independent audit of the NSBP at selected locations in the District.

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**NO. 31**                      **Department of Parks and Recreation**                      **STATUS: Start FY 2004**

**TITLE:**                      **DEPARTMENT OF PARKS AND RECREATION BEFORE  
AND AFTER SCHOOL CARE PROGRAM**

**OBJECTIVES:**                      Our audit objectives are to determine if the Department of Parks and Recreation (DPR) Before and After School Care Program (BASCP) has the necessary internal controls in place to ensure that monies for programs are used as intended. We will also determine whether the DPR-BASCP program is operating cost effectively and efficiently to maximize recreation and socialization activities for children, and that the fee schedule for after school programs are equitably distributed.

**JUSTIFICATION:**                      The Department of Parks and Recreation coordinates a wide variety of recreational and educational programs. One such program is the Before and After School Care Program. This year-round program provides tutorial, cultural, recreational, and creative arts programming and nutritional support services to children aged 4 to 12 and special needs children aged 5 to 18 and their working parents. The goal is to enlarge the quality of life and nurture opportunities for children and parents. The DPR proposed budget for FY 2004 is approximately \$41 million. The Child Care program, which BASCP is a part of, is estimated to cost approximately \$7.1 million or about 17 percent of the DPR budget.

**NO: 32**                      **Department of Housing and Community Development (DHCD)**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF COMMUNITY DEVELOPMENT CORPORATION PROJECTS**

**OBJECTIVES:**              Our audit objectives are to: (1) evaluate the management of specific Community Development Corporation projects; (2) assess the benefits arising from investment in Community Development projects; and (3) assess the validity of expenditures for selected projects. Our objectives will include an evaluation of overall project management within DHCD of grant funds provided to grant sub-recipients and the appropriate use of those funds by grant sub-recipients.

**JUSTIFICATION:**          The audit was requested by the Director of DHCD. DHCD uses its funds to support programs that provide housing, neighborhood revitalization, and support services for low- and moderate-income households. Through the use of Community Development Block Grants (CDBG) and HOME grant funds obtained from the U.S. Department of Housing and Urban Development, DHCD focuses on increasing and preserving the supply of affordable housing, as well as revitalizing neighborhoods. The success of the program and accomplishment of these goals are largely dependent on how well DHCD managers carry out their oversight responsibilities.

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**NO. 33**                      **Department of Housing and Community Development (DHCD)**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF CASH ADVANCES TO THE GREATER WASHINGTON URBAN LEAGUE (GWUL)**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) cash advances provided to the GWUL are being properly managed, and (2) those cash advances exceed the cash requirements of the GWUL for its execution of certain aspects of the Home Purchase Assistance Program (HPAP).

**JUSTIFICATION:**          The Director, DHCD, requested the overall audit. During the initial stages of our overall audit, we identified weaknesses in the DHCD management of cash advances provided to the GWUL under a DHCD grant agreement for execution of certain aspects of the HPAP. As a result, we initiated this audit to evaluate GWUL's administration of

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those cash advances, the monitoring of those cash advances by DHCD, and the outstanding cash advance balances maintained by GWUL.

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**NO. 34**                      **Department of Housing and Community Development (DHCD)**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF THE HOME PURCHASE ASSISTANCE PROGRAM (HPAP) LOAN PORTFOLIO**

**OBJECTIVES:**              Our audit objective is to determine whether the HPAP loan portfolio is adequately and properly managed by DHCD.

**JUSTIFICATION:**      The Director, DHCD, requested the overall audit. During the initial stages of our overall audit, we identified weaknesses in the management of the HPAP loan portfolio. As a result, we initiated this audit to evaluate the DHCD management of the HPAP loan portfolio.

HPAP provides financial assistance in the form of interest-free or low-interest loans to enable low- and moderate-income individuals and families to purchase affordable homes in the District. The success of HPAP and the accomplishment of DHCD goals are largely dependent on how well DHCD managers administer and monitor its programs.

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**NO. 35**                      **Department of Housing and Community Development (DHCD)**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF THE DRAWDOWN OF REIMBURSABLE COSTS**

**OBJECTIVES:**              Our audit objective is to determine whether DHCD submitted acknowledgement of eligible expenditures of grant funds in an accurate and timely manner to the U.S. Department of Housing and Urban Development (HUD) for the drawdown of reimbursable costs.

**JUSTIFICATION:**      The Director, DHCD, requested the overall audit. During the initial stages of our overall audit, we identified weaknesses in the DHCD management of drawdowns from HUD for reimbursable costs associated with HOME Investment Partnerships Program grant funds provided to the District Housing Finance Agency as part of the DHCD Home Purchase Assistance Program (HPAP). As a result, we initiated this audit to evaluate the overall DHCD management of drawdowns

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from HUD for reimbursable costs associated with Community Development Block Grant and HOME Investment Partnerships Program grant funds used by DHCD for its HPAP.

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**NO. 36**                      **Department of Housing and Community Development (DHCD)**                      **STATUS: Ongoing**

**TITLE:**                      **MANAGEMENT OF THE WALTER E. WASHINGTON ESTATES COMMUNITY CENTER PROJECT**

**OBJECTIVES:**                      The objectives in this segment of the overall audit is to determine whether DHCD properly accounted for and provided adequate oversight of cash disbursements for the Walter E. Washington Estates Community Center Project (the Community Center project).

**JUSTIFICATION:**                      The overall audit was requested by the Director of DHCD. DHCD advanced \$1.3 million in Community Development Block Grant fund to a sub-recipient for predevelopment and construction costs associated with the Community Center project. The Community Center project entails constructing a community center, tennis courts, and guardhouse that will provide residents of the 141 town-house units of Walter E. Washington Estates, 45 tenants of a senior housing development, and neighbors in the community, with a place to meet and gather for community and recreational events. The successful completion of the Community Center project is largely dependent on how well DHCD monitors the sub-recipient's construction performance and the use of grant funds for their intended purposes.

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**NO. 37**                      **Department of Human Services**                      **STATUS: Start FY 2004**

**TITLE:**                      **FOLLOW-UP AUDIT OF THE DISTRICT OF COLUMBIA HOMELESS SHELTER PROGRAM**

**OBJECTIVES:**                      Our audit objectives are to determine whether the Department of Human Services (DHS) has satisfactorily implemented the recommendations addressed in the D.C. OIG report, *Audit of the Homeless Shelter Program*, issued in FY 2003. We will examine the current status of the Homeless Shelter Program as it relates to the report's recommendations and review the efficiency and effectiveness of homeless shelter operations.

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**JUSTIFICATION:** The Homeless Shelter Program has always served as a critical relief and life-saving program for the most needy population within the District of Columbia. Our report addressed 17 recommendations that covered systemic issues such as the: (1) need to modify the grant agreement between the District and the Community Partnership for the Prevention of Homelessness; (2) payment of expenses in accordance with statutory requirements; (3) establishment of written policies and procedures for managing use of Temporary Assistance for Needy Families (TANF) funds; (4) establishment of written policies and procedures for ensuring the allowability of reimbursements; (5) creation of a process for ratifying payments for maintenance and repair costs, modifying the grant to prohibit unauthorized emergency repair orders and budgeting sufficient funds for emergency repairs; and (6) compliance with A-133 single audit requirements.

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**NO. 38**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **FOLLOW-UP AUDIT OF THE DISABILITY COMPENSATION PROGRAM**

**OBJECTIVES:**              Our audit objectives are to determine the adequacy of the process for granting, paying, and administering employee claims for disability. We will also assess the adequacy of internal controls over the disability claims process to ensure that the program is operating efficiently and effectively.

**JUSTIFICATION:** A D.C. OIG report, *Audit of the District's Disability Compensation Program*, OIG No. 00-1-14CF, dated September 19, 2000, found deficiencies in the disability claims program. Specifically, the report identified: a lack of internal controls resulted in overpayments; overlapping duties and duplicate processes; inadequate monitoring of consultant contractors had increased program costs; agency officials missed opportunities to reduce program costs; and systematic budgeting processes were not in place to prevent budget overruns.

In FY 2004, the administrative functions of the Employees Disability Fund will transfer to the D. C. Office of Risk Management (DCORM). The proposed FY 2004 budget for the Employee Disability Fund is \$28 million.

**NO. 39**                      **Department of Health**                      **STATUS: Start FY 2004**

**TITLE:**                      **FOLLOW-UP AUDIT OF THE HEATH CARE SAFETY NET PROGRAM**

**OBJECTIVES:**              Our audit objectives are to determine whether the Department of Health (DOH) has satisfactorily implemented the recommendations addressed in the D.C. OIG report, *Audit of the Health Care Safety Net Contract*, issued October 4, 2002. We will also examine the current status of the health care safety net program as it relates to the report's recommendations.

**JUSTIFICATION:**          Since the publication of our audit report, the Health Care Safety Net Program has faced turbulent times. The parent company of the provider has filed for bankruptcy and the fiscal problems facing the District health care program for indigent and needy individuals and families are growing. Notwithstanding these recent developments, our audit report recommendations retain their merit and value because the recommendations address the following systemic issues: (1) DOH and Health Care Safety Net Administration (HCSNA) oversight responsibilities; (2) fiscal oversight of providers and subcontractors; (3) estimating health care service levels; (4) monitoring contract funding and expenditures; (5) enforcing compliance with contract requirements that trained enrollment specialists be employed by the provider; (6) having effective procedures for determining patient Medicaid status and eligibility; (7) requiring the provider to establish proof of District residency; and (8) ensuring periodic validation of membership rolls. These recommendations, if satisfactorily implemented, will achieve cost-effective improvements and improved health care service delivery.

**C. Other Spending Programs**

This Issue Area includes those audits within the Spending and Efficient Use of Resources Theme that do not yet have sufficient common elements to warrant a unique issue area.

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| <b>NO. 40</b>         | <b>Office of the Chief Technology Officer</b>  | <b>STATUS: Ongoing</b>       |
| <b>TITLE:</b>         | <b>ADMINISTRATIVE SYSTEM MODERNIZATION PLAN (ASMP)</b>   |                              |
| <b>OBJECTIVES:</b>    | Our audit objectives are to determine whether the Office of the Chief Technology Officer has adequately developed and implemented a system development life cycle methodology framework for The Administrative System Modernization Plan (ASMP). Specifically, we will determine whether: (1) a feasibility study was prepared that meets user guidelines/requirements and details the project plan as required; (2) an adequate level of project management support is provided; (3) a comprehensive project plan had been developed; (4) adequate cost management processes are in place to ensure that the project is completed within the approved budget and approved timeframe; and (5) post-implementation costs were included. Additionally, we plan to evaluate the impact on the budget in outlying years. |                              |
| <b>JUSTIFICATION:</b> | The ASMP initiative encompasses business process engineering, organization change management, system replacement, system enhancement, new systems, system integration, and IT oversight, and affects the majority of District agencies. ASMP is scheduled to be completed in 2005 at a cost estimated to exceed \$65 million. Anticipated benefits of the new system include reduced operating costs; specifically, work reduction, time savings, and cost avoidance.  |                              |
| <b>NO. 41</b>         | <b>Department of Public Works</b>  | <b>STATUS: Start FY 2004</b> |
| <b>TITLE:</b>         | <b>INVENTORY, USAGE, AND MAINTENANCE OF DISTRICT VEHICLES</b>  |                              |
| <b>OBJECTIVES:</b>    | The audit objectives are to determine the cost effectiveness of vehicle usage and maintenance for District government vehicles. We will also determine the accuracy of vehicle inventories.  |                              |

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**JUSTIFICATION:** An audit of the cost effectiveness of government vehicles will ensure adequate spending and efficiency of District funds. Previous audit coverage of the Metropolitan Police Department's vehicle maintenance program revealed problems with the administration of the vehicle maintenance contract, including turn-around time for vehicle repairs and monitoring of repairs.

The Department of Public Works (DPW) maintains District government vehicles except those used by police, fire, corrections, and public school officials. DPW's Fleet Management program provides maintenance, parts, and acquisition services for approximately 3,000 city-owned and leased vehicles. In addition, the fleet includes more than 165 alternative fuel vehicles. The program's budgets for FY 2003 and FY 2004 are approximately \$14.7 million and \$12.9 million, respectively.

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| <b>NO. 42</b> | <b>Office of Property Management</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>REAL PROPERTY MAINTENANCE</b> |
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| <b>OBJECTIVES:</b> | Our audit objectives are to review the efficiency and effectiveness of District programs for maintaining and repairing real property. We will also assess the management of deferred maintenance projects (backlog of maintenance and repair), taking into account the planning, prioritization, and funding needs for executing an effective real property maintenance and repair program. In addition, we will determine if internal controls are adequate to safeguard resources used in accomplishing program objectives. |
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| <b>JUSTIFICATION</b> | Given the large capital outlays and public works expenditures, there is concern over whether these expenditures are properly classified and resources are adequately managed to accomplish efficient and effective replacement, maintenance, and repair of the District's real property assets. The cost of maintaining a healthy and vibrant city continues to escalate with aging infrastructures. The ability to meet this challenge often depends on how well a city directs scarce resources for maintaining and repairing its real property. |
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| <b>NO. 43</b> | <b>Multi-Agency</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>MANAGEMENT OF AND EXPENDITURES FOR HOMELAND SECURITY FUNDS</b> |
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| <b>OBJECTIVES:</b> | Our audit objective is to determine whether funds provided by Congress for Homeland Security were used for intended purposes. |
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| <b>JUSTIFICATION:</b> | Public Law 107-117, January 10, 2002, appropriated over \$155 million in Homeland Security funds for the District's use. The law specifically identifies the 14 District agencies that will be authorized specific federal payments for stated security purposes. |
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In light of the nation's focus on homeland security, it is imperative that the District has controls in place to ensure the efficient, effective, and appropriate use of current and future Homeland Security funding.

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| <b>NO. 44</b> | <b>Multi-Agency</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>IMPLEMENTATION OF THE DISTRICT'S ANTI-DEFICIENCY ACT</b> |
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| <b>OBJECTIVES:</b> | The audit objective is to evaluate District agencies compliance with the Anti-Deficiency Act. |
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| <b>JUSTIFICATION:</b> | The District Anti-Deficiency Act became effective April 4, 2003. The Act is intended to prevent overspending by District agencies. It sets forth reporting requirements to alert District officials so that remedial actions may be taken to prevent overspending. Also, it imposes a requirement for disciplinary action against procurement officers who are responsible for agency overspending. Potential Anti-Deficiency Act violations include: (1) awarding a contract with an amount exceeding available funding; (2) failing to obtain funding authorization and approval; (3) misrepresenting the availability of funds; (4) failing to timely record encumbrances; (5) failing to ratify unauthorized purchases; and (6) using current year funds to pay for goods/services received in a prior year. |
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On September 26, 2002, the OIG published a Management Implication Report to advise District agencies of the consistent problems that recent audits have disclosed concerning the District's procurement practices. The report suggests that these consistent problems with

procurement practices place agencies at risk of violating Anti-Deficiency Act provisions.

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**NO. 45**                      **D.C. Public Schools (DCPS)**                      **STATUS: Start FY 2004**

**TITLE:**                      **DCPS NON-PERSONAL SERVICE EXPENDITURES**

**OBJECTIVES:**              Our audit objectives are to evaluate DCPS's non-personal service expenditures for FYs 2002 and 2003. We will examine expenditures for non-personal service costs such as legal costs, non-personal employment contracts, consultant contracts, and other services purchased under contract. We will also review the adequacy of internal controls over the purchase of such services.

**JUSTIFICATION:**          In the past three fiscal years, DCPS has experienced spending pressures that have led to deficits and year-end fiscal difficulties. While some of the spending pressures have been attributed to events associated with Medicaid reimbursements, spending controls represent the best means available to bring spending in line with anticipated revenue. There are areas of discretionary spending that may offer the DCPS an opportunity to reduce operating costs.

The DCPS proposed a budget expenditure of \$277.4 million in non-personal services for FY 2004. Included in this amount are \$83.1 million for contractual services, and \$22.4 for other services.



### **III. DELIVERY OF CITIZEN SERVICES**

In the last few years, we have increased our audit and inspection coverage of agencies responsible for delivery of essential citizen services. In FY 2004, we plan to provide audit and inspection coverage for many of the large District service organizations. The common goal of these reviews will be to improve the efficiency and effectiveness of municipal services to District residents.

#### **A. Core Services**

District leaders frequently have expressed concern about whether taxpayer dollars are being used optimally to serve the citizens' best interests in a number of areas. We share these concerns and have completed audits on housing (HOPE VI programs at D.C. Housing Authority), child support services (payment systems), community development (Department of Housing and Community Development), and mental health (St. Elizabeth's Hospital). For FY 2004, we plan to conduct audits of several service-based organizations, including Child and Family Services, Consumer and Regulatory Affairs, and the D.C. Taxicab Commission. We also plan to evaluate the "Destiny" system for processing Department of Motor Vehicles information and will perform another assessment of agency-wide performance measures (commonly referred to as the Mayor's Scorecard).

The FY 2004 Inspection Plan includes OIG initiatives for inspection coverage that is consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government. The Inspections and Evaluations (I&E) Division has proven to be an effective mechanism for identifying weaknesses in agency operations; ensuring compliance with applicable laws, regulations and policies; identifying accountability; recognizing excellence; and promoting improvement in the delivery of services to District residents.

I&E plans to complete an ongoing inspection of the management and operations of the Youth Services Administration in the Department of Human Services. In addition, I&E will conduct re-inspections of the Fire and Emergency Medical Services Department; the Department of Parks and Recreation (DPR); and the Department of Public Works (DPW) Fleet Management Administration, Solid Waste Management Administration; and Parking Services Administration. The DPR and DPW re-inspections were planned for FY 2003, but were postponed in order to carry out unplanned inspections assigned greater priority. In addition to assessing agency

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compliance with our original recommendations, we also will report on any current issues or problems that necessitate the attention of agency management and other District stakeholders.

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**NO. 46**                      **District of Columbia Public Schools**                      **STATUS: Ongoing**

**TITLE:**                      **SECURITY AT THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS**

**OBJECTIVES:**              Our audit objectives are to: (1) evaluate the adequacy of the internal controls over physical security; (2) determine whether laws, policies, regulations, and directives are correctly interpreted and applied in the administration of the security function; and (3) evaluate the operation's performance with regard to economy, efficiency, and effectiveness in accomplishing its security function.

**JUSTIFICATION:**      The administration at the District of Columbia Public Schools has always placed a high priority on keeping our schools safe and secure. The threat of domestic and international terrorism and random acts of violence have seriously heightened the resolve to be as vigilant and informed as the ever changing events of national security demand.

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**NO. 47**                      **D.C. Taxicab Commission**                      **STATUS: Start FY 2004**

**TITLE:**                      **D.C. TAXICAB COMMISSION**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) internal controls of the D.C. Taxicab Commission were adequate to ensure that licenses were issued in accordance with applicable District laws, rules, and regulations governing the operation of taxicabs; (2) correct fees were collected, deposited, and recorded; and (3) complaints and civil infractions involving public vehicles for hire were properly adjudicated; and (4) background checks of drivers and operating personnel were performed.

**JUSTIFICATION:**      The mission of the D.C. Taxicab Commission is to ensure that the public receives safe and reliable transportation by taxicab and other means of transportation, to include limousines, sightseeing vehicles and private ambulances.

The Taxicab Commission (DCTC) provides a wide assortment of information about taxicab and limousine services in the District of

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Columbia and surrounding areas. The Commission achieves its mission through the regulation, oversight, and enforcement of the public vehicle-for-hire industry, which includes taxicabs as well as limousines, sightseeing vehicles, and private ambulances. The Commission conducts its operations through two advisory panels, a nine-member commission, and the Office of Taxicabs.

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**NO. 48**                      **Office of Corporation Counsel (OCC)**                      **STATUS: Ongoing**

**TITLE:**                      **CHILD SUPPORT ENFORCEMENT SYSTEM**

**OBJECTIVES:**                      The objectives of our audit are to determine: (1) whether the Child Support Enforcement Division (CSED) could bring CSED operations in-house to further reduce the cost to administer and operate the system; and (2) the adequacy of contract administration.

**JUSTIFICATION:**                      In accordance with D.C. Code § 1-15-31 (2001), Reorganization for the Office of the Corporation Counsel (OCC) and the Department of Human Services, Mayor's Order 98-57 § I, dated April 17, 1998, transferred the responsibility for the operation and administration of the child support enforcement program from the Department of Human Services (DHS) to the OCC. The CSED within OCC, performs all legal and programmatic functions associated with the District government's child support program. The D.C. Superior Court, as provided by D.C. Code § 46-202.01 (2001), supports the CSED by collecting child support payments, making daily disbursements to clients, and enforcing child support orders.

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**NO. 49**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **PERFORMANCE MEASURES**

**OBJECTIVE:**                      Our audit objectives are to verify the data supporting the reported achievements regarding performance measures and to determine the extent of implementation of internal controls to prevent or detect material errors and irregularities in reporting performance measures. In addition, we will follow up on previously reported audit findings in audit report number OIG No. 00-2-12MA, issued March 20, 2001.

**JUSTIFICATION:**                      The performance contracts and scorecards are at the heart of the Mayor's performance management system that requires accountability for each agency and employee in order to transform the District

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government into one that is responsive to its citizens. Our previous audit found a need to improve performance measurement at four of the District agencies we reviewed. We believe there is a need to continue reviewing District agency compliance and reporting of their performance measures in light of our initial results. Recent performance-based budgeting practices may have a significant impact on reporting performance measures in the District.

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**NO. 50**                      **Water and Sewer Authority**                      **STATUS: Ongoing**

**TITLE:**                      **WASA'S RESIDENTIAL WATER METERS, COMPLAINT PROCESS, AND CUSTOMER BILLING**

**OBJECTIVES:**              Our audit objectives are to determine whether: (1) water meters for residential users accurately report water usage; (2) bills to residential users accurately reflect water usage; and (3) WASA's process for resolving customer complaints is effective and efficient.

**JUSTIFICATION:**          We are conducting these audits based on requests from WASA and the D.C. Council. WASA has replaced nearly 100,000 of its residential meters due to their age and condition. Additionally, complaints and concerns have surfaced with regard to the accuracy of bills that the D.C. Water and Sewer Authority sends to its residential customers.

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**NO. 51**                      **Office of the Corporation Counsel**                      **STATUS: Ongoing**

**TITLE:**                      **DISTRICT OF COLUMBIA'S MANAGEMENT OF GENETIC TESTING**

**OBJECTIVES:**              Our audit objectives are to determine whether the District of Columbia's genetic testing program: (1) achieved program results in an effective, efficient, and accurate manner; (2) complied with requirements of applicable laws, regulations, policies, procedures, and contract requirements; and (3) had internal controls in place to prevent or detect material errors and irregularities.

**JUSTIFICATION:**          We are performing this audit as a result of an OCC request. This audit concerns the District of Columbia's management of its genetic testing program that is administered primarily by CSED and secondarily by the Family Court of the District of Columbia. The Family Court of the District of Columbia functions as part of the District of Columbia Superior Court.

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**NO. 52**                      **Metropolitan Police Department**                      **STATUS: Start FY 2004**

**TITLE:**                      **SEIZED PROPERTY INTAKE, CUSTODY, AND DISPOSAL**

**OBJECTIVES:**            The audit objectives are to evaluate the adequacy of the Metropolitan Police Department's (MPD) internal controls for the intake and custody of seized property/evidence being safeguarded for use in criminal or civil prosecutable actions. We will also evaluate the policies and procedures for custody of property seized by law enforcement personnel or property otherwise forfeited and seized under court order to determine: (1) whether law enforcement personnel follow the applicable laws related to handling forfeited and seized property; (2) whether law enforcement personnel follow the applicable laws related to the disposal and sale of seized property; and (3) how funds generated from seized and forfeited property are being used.

**JUSTIFICATION:**    The management of custodial property at MPD requires strong internal controls to avoid the loss of criminal evidence, valuable property, or illegal property that has significant "street value" such as drugs. By focusing on the process for recording property at intake, securing property in enclosed controlled-access areas, and handling and disposal procedures, this audit will ensure whether the District is adequately protecting these assets.

MPD officers recover property under many different circumstances. Once the officers obtain possession of the property, they are required to classify and record it on a property record and log the item in a property tracking system. All property, except for impounded vehicles and prisoner's property, is then transferred to the Evidence Control Branch where it is held until final disposition.

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**NO. 53**                      **Department of Consumer and**                      **STATUS: Start FY 2004**  
                                 **Regulatory Affairs (DCRA)**

**TITLE:**                      **MANAGEMENT REVIEW OF DCRA OPERATIONS**

**OBJECTIVES:**            Our audit objectives are to determine whether the DCRA: (1) achieved program results in an effective, efficient, and accurate manner; (2) complied with requirements of applicable laws, regulations, policies, procedures, and contract requirements; and (3) had internal controls in place to prevent or detect material errors and irregularities.

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**JUSTIFICATION:** The mission of the DCRA is to protect the health, safety, and welfare of District residents and those who work in and visit the Nation's Capital. DCRA's mission also is to facilitate sound business practices and safe development through ensuring adherence to the District's health and safety codes as well as business, occupational, and professional licensing requirements. DCRA's proposed FY 2004 budget is \$29.5 million. There are 384 approved full-time equivalent positions for the agency.

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**NO. 54**                      **Department of Human Services**                      **STATUS: Ongoing**

**TITLE:**                      **INSPECTION OF THE DEPARTMENT OF HUMAN SERVICES, YOUTH SERVICES ADMINISTRATION (YSA)**

**OBJECTIVES:**              The inspection objectives are to evaluate the sufficiency and quality of YSA policies and procedures; assess the operational effectiveness of the Oak Hill Secure Detention Facility and the Bureau of Court and Community Services; evaluate the quality of service delivery; and determine the sufficiency of internal controls.

**JUSTIFICATION:**          YSA operates a secure detention facility for juveniles accused of or convicted of crimes, and develops and administers a citywide system of service for delinquency prevention and control that contributes to the protection of the community and the rehabilitation of youth.

Additionally, our inspections are consistent with the Mayor's initiative to review, evaluate, and improve performance standards in all components of the District of Columbia government. The Inspections and Evaluations Division is dedicated to providing decision makers with objective, thorough, and timely evaluations of District agencies and programs, and to making recommendations that will assist those agencies in achieving operational efficiency and effectiveness.

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**NO. 55**                      **Fire and Emergency Medical Services**                      **STATUS: Start FY 2004**

**TITLE:**                      **RE-INSPECTION OF THE FIRE AND EMERGENCY MEDICAL SERVICES DEPARTMENT**

**OBJECTIVES:**              The re-inspection objective is to verify implementation of recommendations contained in our prior inspection Report (OIG No. 03-0001FB), issued in October 2002.

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**JUSTIFICATION:** The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if reported deficiencies remain uncorrected.

The initial inspection of FEMS found, among other things, that emergency units were not meeting certain national standards relating to response time; response time data reported by FEMS was not accurate; problems remained in the medical emergency response system; the number of paramedics was inadequate; and some paramedics did not have updated certifications.

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**NO. 56**                      **Department of Parks and Recreation**                      **STATUS: Start FY 2004**

**TITLE:**                      **RE-INSPECTION OF THE DEPARTMENT OF PARKS AND RECREATION (DPR)**

**OBJECTIVES:**              The re-inspection objective is to verify implementation of recommendations and actions taken by DPR in response to our prior inspection report (OIG No. 01-0002HA), issued in September 2001. Recommendations were made in areas such as maintenance, capital projects, procurement, contracting and property accountability, and childcare services.

**JUSTIFICATION:** The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if reported deficiencies remain uncorrected.

Our original inspection of DPR found significant problems in maintenance operations, capital projects, childcare services, and other areas. The re-inspection will evaluate compliance with recommendations covering maintenance planning documents, local and national safety standards for childcare facilities, as well as other areas within the DPR.

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| <b>NO. 57</b> | <b>Department of Public Works</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>RE-INSPECTION OF THE DEPARTMENT OF PUBLIC WORKS, FLEET MANAGEMENT ADMINISTRATION</b> |
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| <b>OBJECTIVES:</b> | The re-inspection objective is to verify implementation of recommendations and actions taken by DPW in response to our prior inspection report (OIG No. 01-0001KA), issued in March 2001. Recommendations were made in areas in the Maintenance Services Division, the Vehicle Acquisition and Disposal Division, the Fuel and Lube Services Division, and the Office of the Administrator. |
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| <b>JUSTIFICATION:</b> | The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if reported deficiencies remain uncorrected. |
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The initial inspection of the DPW Fleet Management Administration found violations of local and federal health and safety regulations, as well as monetary waste in vehicle disposal practices, and a lack of preventative maintenance enforcement. Our re-inspection will focus on DPW compliance with recommendations aimed at elimination of all safety and health issues, improvement in the vehicle auction process, and enforcement of preventive maintenance procedures.

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| <b>NO. 58</b> | <b>Department of Public Works</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>RE-INSPECTION OF THE DEPARTMENT OF PUBLIC WORKS, SOLID WASTE MANAGEMENT ADMINISTRATION</b> |
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| <b>OBJECTIVES:</b> | The re-inspection objective is to verify implementation of recommendations and actions taken by DPW in response to our prior inspection report (OIG No. 00-0003KA), issued in December 2000. Recommendations were made in areas in the Solid Waste Disposal Division, the Solid Waste Collection Division, the Street and Alley Cleaning Division, and the Solid Waste Education and Enforcement Program. |
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| <b>JUSTIFICATION:</b> | The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, |
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monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if reported deficiencies remain uncorrected.

The inspection of the DPW Solid Waste Administration found numerous violations related to trash processing and work health and safety. The re-inspection will focus on agency compliance with recommendations regarding vehicle reliability, rodent infestation, security procedures, and employee training.

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**NO. 59**                      **Department of Public Works**                      **STATUS: Start FY 2004**

**TITLE:**                      **RE-INSPECTION OF THE DEPARTMENT OF PUBLIC WORKS, PARKING SERVICES ADMINISTRATION**

**OBJECTIVES:**              The re-inspection objective is to verify implementation of recommendations by DPW in response to our prior inspection report (OIG No. 00-0003KA), issued in May 2002. Recommendations were made regarding the Office of the Administrator, the Parking Enforcement Division, the Abandoned and Junk Vehicles Division, and the Parking Management Division.

**JUSTIFICATION:**          The OIG inspection process includes follow-up with inspected agencies on findings and recommendations. Recommendations in each Report of Inspection focus on correcting noted deficiencies, monetary benefits, more efficient and effective program operations, and safer environments for city workers and residents. Inspections have little value, however, if reported deficiencies remain uncorrected.

The inspection of the DPW Parking Services Administration found numerous violations related to poor emergency communications, insufficient safety equipment, aging tow trucks, and slow removal of abandoned vehicles. The re-inspection will focus on agency compliance with recommendations in these and other areas.

## IV. SUPPORT SERVICES

### A. Information Systems

With few exceptions, nearly all information concerning District operations are entered into computers and managed by the attendant software programs. Large centers for processing information present an operational challenge in terms of service delivery, cost, and oversight. Accordingly, we plan to evaluate several automated systems, and examine application controls, computer security, system design, and cost.

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**NO. 60**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **CONTROLS OVER INFORMATION TECHNOLOGY EQUIPMENT**

**OBJECTIVES:**              Our audit objectives are to determine whether controls are in place to adequately account for Information Technology (IT) resources and whether funds are efficiently used to procure IT equipment.

**JUSTIFICATION:**      Our previous audit conducted in 2001 revealed weaknesses and inefficiencies in the internal controls and accountability for IT-related resources at the Department of Fire and Emergency Medical Services (FEMS). In that report we noted that FEMS failed to make use of IT hardware and software valued at approximately \$200,000. We also identified unnecessary expenditures of \$138,000 for data communications circuits in excess of the agency's needs and found an inability to fully account for IT assets estimated to be valued in the millions of dollars.

We have identified the following District agencies that have large IT resources:

- District of Columbia Metropolitan Police Department
- Department of Motor Vehicles
- Department of Public Works
- DC Fire and Emergency Medical Services
- Department of Health
- Office of Personnel Management
- Office of the Chief Technology Officer

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| <b>NO. 61</b> | <b>D.C. Public Schools (DCPS)</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>DCPS PERSONNEL AND PAYROLL SYSTEM CONVERSION PROCESS</b> |
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| <b>OBJECTIVES:</b> | <p>Our audit objectives will be to determine whether the conversion process used by DCPS to transfer DCPS personnel and payroll data from the Comprehensive Automated Personnel Payroll System (CAPPS) to DCPS's new personnel and payroll system included controls that would ensure: (1) employee data was accurately and completely transferred from CAPPS to the new payroll system; (2) controls were maintained throughout the conversion process to prevent inaccurate and/or unauthorized changes to data; (3) accurate and complete results were achieved; and (4) internal controls have been developed to assist in continuing to monitor and maintain the integrity of employee data.</p> |
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| <b>JUSTIFICATION:</b> | <p>The conversion of data is one phase of a complete information system development, acquisition, or modification life cycle that is based on generally accepted information technology policies. However, the conversion of data is critical to the successful implementation of a new or existing system. Inadequate planning during this phase often results in expenditures that will significantly add to the overall cost of the system and may result in the need to replace the system or continue to use a system that is ineffective in meeting the needs of the District.</p> |
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Prior audit reports by the General Accounting Office and the OIG have reported that the District failed to adequately plan for the conversion process of data during the implementation of IT systems which increased project costs by millions of dollars.

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| <b>NO. 62</b> | <b>Department of Motor Vehicles</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>DESTINY SYSTEM AT THE DEPARTMENT OF MOTOR VEHICLES</b> |
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| <b>OBJECTIVES:</b> | <p>Our audit objectives are to ascertain whether the Destiny computer system is providing accurate and complete data to support DMV "one stop service" to District residents. Additionally, we will ensure that adequate controls have been implemented in the operation and maintenance of the system.</p> |
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**JUSTIFICATION:** The DMV has made major changes in information systems in an effort to streamline customer transactions and accelerate the processing of various DMV transactions. The DMV announced the implementation of the “Destiny” computer system to replace a 30-year old inefficient and antiquated system. The Destiny system is to provide DMV with the capability to access vehicle registration, vehicle inspection, driver’s licenses, and traffic violation information through one computer system. This capability enables the District to provide residents with “one stop service” by having customer transactions processed by one service representative.

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**NO. 63**                      **D.C. Lottery and Charitable Games Control Board**                      **STATUS: Start FY 2004**

**TITLE:**                      **D.C. LOTTERY AND CHARITABLE GAMES INFORMATION SYSTEM**

**OBJECTIVES:**              Our audit objective is to evaluate the adequacy of security controls over the D.C. Lottery and Charitable Games Control Board’s computer applications that are intended to support the integrity, and security of the District Lottery’s operations, gaming services, and instant and on-line gaming activities.

**JUSTIFICATION:**              Each year the D.C. Lottery Board collects millions of dollars from the sale of Power Ball, online, and instant game tickets. The D.C. Lottery Board also includes on average 470 licensed D.C. Lottery agent stores located throughout the District. The D.C. Lottery Board provides commissions to retailers licensed to sell D.C. lottery games and other contracting opportunities.

Additionally, the D.C. Lottery contracts with a third party vendor to provide a front-end communications network and gaming system for the city lottery. The D.C. Lottery Board contractor is responsible for: installing and maintaining retailer sales terminals; maintaining a backup and recovery site for both itself and the control board; tracking all game processing transactions, including sales, rejections, and cancellations, redemptions, and other validation attempts; calculating the retailer invoices weekly; and reporting to management.

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**NO. 64**                      **Office of the Chief Technology Officer**      **STATUS: Start FY 2004**

**TITLE:**                      **UNIFIED COMMUNICATIONS CENTER (UCC)**

**OBJECTIVES:**              Our audit objectives are to ensure that: (1) UCC operational projects are fully designed with clear objectives, including assignment of responsibilities; (2) project costs and benefits are clearly determined and properly monitored; and (3) projects are completed successfully in line with the overall plan and within budget.

**JUSTIFICATION:**      The Unified Communications Center consolidates several citywide communications and data processing operations at a new 15,000-square foot facility on the unoccupied east campus of St. Elizabeth's Hospital in Ward 8. The centerpiece of the UCC is a 24-hour call center for 911 help (emergency), 311 help (non-emergency public safety), and a 727-1000 telephone number for non-emergency service request calls. Cross-trained call operators and dispatchers respond to all citywide emergency and non-emergency calls using state-of-the-art programming and communications systems specifically designed for these functions. Call systems track all public safety emergency and non-emergency calls, as well as all customer service requests. These systems also report on call center performance and coordinate reporting of traffic control and other citywide communications services and systems.

The UCC will also house the District's primary network operating center, currently at the Wilson building, and the help desk that assists city employees with network problems. The UCC operations center will house a full complement of support functions, including network assessment, data integrity analysis, and hardware maintenance and repair. At present, the total value of the Unified Communication Center project is \$171 million dollars with an estimated completion date of 2005.

**B. Human Capital**

People are the District's most important assets. This issue area encompasses personnel issues, benefits, hiring practices, and personnel and payroll systems.

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**NO. 65**                      **Department of Consumer and Regulatory Affairs (DCRA)**                      **STATUS: Start FY 2004**

**TITLE:**                      **DISTRICT OF COLUMBIA OCCUPATIONAL PROFESSIONAL LICENSING CONTRACT AND COLLECTIONS**

**OBJECTIVES**                      Our audit objectives are to evaluate DCRA's system of using contractor services for collecting professional license fees. We will determine whether fees were properly assessed and collected; whether commissions and client waivers taken by the contractor were proper; and whether internal controls over funds transactions were effective.

**JUSTIFICATION:** DCRA contracts and oversees the licensing function on behalf of 10 professional boards. Professions covered by these boards include real estate agents, appraisers, accountants, architects, barbers and cosmetologists, electricians, plumbers, refrigeration and air condition mechanics, steam engineers, and veterinarian medical personnel. During our financial audit of the Professional Engineers Fund, we noted that DCRA did not report all income generated by licensing fees. This apparently occurs because DCRA has contracted with a third party organization to provide licensing application and issuance services to applicants who are seeking licenses from specific boards. We believe the differences in income generated from license fees is due to the fact that the contractor offsets the fee income by an amount that represents the contractor's commission. Approximately \$500,000 in licensing fees is generated annually.

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**NO. 66**                      **Multi-Agency**                      **STATUS: Start FY 2004**

**TITLE:**                      **DUE DILIGENCE BACKGROUND CHECKS FOR PROSPECTIVE DISTRICT EXECUTIVE AND MANAGERIAL EMPLOYEES**

**OBJECTIVES:**              Our audit objectives are to determine whether controls are in place to ensure that qualified applicants are selected for executive and managerial positions and that adequate policies and procedures regarding due diligence background investigations are in place and working as designed.

**JUSTIFICATION:**      Independent District agencies and the District of Columbia Office of Personnel (DCOP), in conjunction with subordinate agencies, hire executive and managerial employees based on the submission of resumes, employment applications, and other information. Collectively, this information is synthesized together with an interview of prospective candidates, and a decision is then made to hire an individual. Some positions, such as those for police, fire and emergency services personnel as well as some critical information technology positions, require that the agency conduct background verifications of the prospective employee's education and experience credentials and as well as other relevant information. However, it is our understanding that most District agencies do not perform such investigations or background checks prior to or shortly after employment.

Previous high visibility cases and investigations demonstrated that the District has been a victim of fraudulent educational or experience assertions by executives and managers hired to positions of trust. Governing District regulations appear to be relatively silent (with the exception of specific positions or agencies) on the requirement to perform these vital background verifications. Given the importance of the positions held and the significance of the dollars and decision authority inherent in those positions, the District needs a robust yet common sense program for verifying the backgrounds of its executives and managers.

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| <b>NO. 67</b> | <b>D.C. Retirement Board</b> | <b>STATUS: Ongoing</b> |
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| <b>TITLE:</b> | <b>MANAGEMENT OF D.C. TEACHERS, POLICE, AND<br/>FIREFIGHTER RETIREMENT PROGRAMS</b> |
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| <b>OBJECTIVES:</b> | Our audit objectives are to determine whether the D.C. Retirement Board has adequate controls, policies and procedures in place to determine that retirement contributions from teachers, police officers, and firefighters are handled in accordance with applicable laws and regulations, and whether investment policies appear sound and reasonable. |
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| <b>JUSTIFICATION:</b> | The Retirement Board's primary mission is to manage and control the assets of the teachers', police officers', and firefighters' retirement funds. Unlike governing bodies of many other public employee retirement systems, the Retirement Board does not make benefit eligibility determinations or pension amount calculations, nor does it maintain benefit records or process payments to beneficiaries. The responsibility for administration of non-investment related components of the retirement system is vested with several agencies of the District of Columbia government. |
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In addition to the Retirement Board's mission to manage and control the assets of the funds, the D.C. Code imposes stringent fiduciary obligations on Retirement Board members, which include a requirement to exercise their responsibilities exclusively in the interests of the beneficiaries and participants with the care, skill, prudence, and diligence as would a prudent expert. A fiduciary who breaches any of the statutory responsibilities, obligations, or duties may be held personally liable and must restore any losses that may occur from such a breach.



## V. AUDITS REQUIRED BY LAW

Various laws require the OIG to perform specific annual audits, some of which must be performed only by contracts with Certified Public Accounting firms. Largest among the required audits is the Comprehensive Annual Financial Report. The OIG contracts for, monitors, and provides oversight of the performance of that audit, which is conducted by a private Certified Public Accounting firm licensed in the District. In addition, the District's annual appropriation often includes language that requires the OIG to conduct one-time audits.

### A. Financial Integrity

The fiscal health of the city is directly linked to the integrity of its financial books and records. This issue area has come under greater scrutiny because of the reporting lapses of various business institutions. In addition to providing oversight of the Comprehensive Annual Financial Report, we plan to conduct audits regarding several funds, which are required by District and federal laws.

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| <b>NO. 68</b>      | <b>Multi-Agency</b>   | <b>STATUS: Ongoing</b> |
| <b>TITLE:</b>      | <b>COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)<br/>FOR FY 2003</b>   |                        |
| <b>OBJECTIVES:</b> | <p>The objective of this engagement is to secure services of an independent audit firm to perform the annual financial audit of the District government's financial statements. Once a contractor is selected, the OIG's role/objective is to provide oversight of the progress of the audit and deal with any issues that may arise from the audit or that may prevent the audit from being completed timely.</p> <p>In fulfilling our oversight role, the OIG is responsible for: (1) monitoring the reliability and integrity of the CFO's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; (2) monitoring the independence and performance of the District's independent auditors; and (3) providing an open avenue of communication among the auditors, the</p> |                        |

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Executive Office of the Mayor, the D.C. Council, the CFO, and other District management officials.

**JUSTIFICATION:** The Comprehensive Annual Financial Report (CAFR) must be submitted to the Mayor and the Council of the District of Columbia on or before February 1<sup>st</sup> of each year following the end of the fiscal year being audited. Immediate and continued access to records and personnel by the audit firm is required to provide audit and other professional assistance to avoid disruption of the District's financial operations. In addition to the District's General Fund, the following District agencies or entities (component units) are required to be included in the CAFR audit:

- D.C. Public Schools (CAFR and CAFR Preparation)
- D.C. Sports Complex (Financial Statements)
- D.C. Lottery Board (Financial Statements)
- Department of Employment Services (Unemployment Compensation Fund – Financial Statements)
- Department of Employment Services (Disability Compensation Fund – Actuarial Study)
- Washington Convention Center Authority (Financial Statements)
- University of the District of Columbia/D.C. Law School (Financial Statements)
- D.C. Water and Sewer Authority (Financial Statements)\*
- D.C. Retirement Board (Financial Statements and Actuarial Study)\*
- D.C. Housing Finance Agency (Financial Statements)\*

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\* These agencies and entities will arrange to secure separate audit firms to perform the required services.

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| <b>NO. 69</b> | <b>Department of Housing and<br/>Community Development</b> | <b>STATUS: Ongoing/<br/>Start FY 2004</b> |
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| <b>TITLE:</b> | <b>HOME PURCHASE ASSISTANCE FUND</b> |
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| <b>OBJECTIVES:</b> | The objectives of this financial statement audit are to determine whether monies in the Home Purchase Assistance Fund have been accounted for properly and whether persons obtaining loans under this program meet the qualifications under existing policies and procedures. |
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**JUSTIFICATION:** D.C. Code § 42-2605 (2001) requires the D.C. Inspector General to conduct an annual audit of this fund. The Mayor is required to report on the financial condition of this program to Congress and the Council within 6 months after the end of the preceding fiscal year.

**TITLE:                    PROFESSIONAL ENGINEERING FUND**

**OBJECTIVES:** The overall audit objectives are to determine whether: (1) the Professional Engineers' Fund was maintained in accordance with the D.C. Code; and (2) engineer fees were properly accounted for and expended during FY 2003.

**JUSTIFICATION:** This audit is required pursuant to D.C. Code §§ 47-2886.02(6) and 47-2886.13(d) (2001). Section 47-2886.13(d) states, in pertinent part: “[i]t shall be the duty of the Office of the Inspector General of the District of Columbia to audit annually the accounts of the Board and to make a report thereof to the Mayor.” Section 47-2886.02(6) defines “Board” as the District of Columbia Board of Registration for Professional Engineers.

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| <b>NO. 71</b> | <b>Office of Corporation Counsel</b> | <b>STATUS: Ongoing/<br/>Start FY 2004</b> |
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**TITLE: DISTRICT OF COLUMBIA ANTIFRAUD FUND**

**OBJECTIVES:** Our audit objectives are to determine whether the District properly accounted for payments due to the Antifraud Fund (Fund) and deposited monies received on a timely basis for Fund activity in FY 2003.

**JUSTIFICATION:** The Procurement Reform Act of 1998, as codified at D.C. Code § 2-308.20 (2001), requires the Office of the Inspector General to audit the Fund annually. The Fund is comprised of deposits resulting from criminal fines, civil penalties, and damages collected from false claim recoveries.

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| <b>NO. 72</b> | <b>Department of Public Works</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>DISTRICT OF COLUMBIA HIGHWAY TRUST FUND AND FIVE-YEAR FORECAST</b> |
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| <b>OBJECTIVES:</b> | The objectives are to perform an audit for the purpose of expressing an opinion on the financial statements of the District of Columbia Highway Trust Fund (Fund) for the fiscal year ended September 30, 2003, and to perform an examination of the forecasted statements of the Fund's expected conditions and operations for the next 5 years. |
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| <b>JUSTIFICATION:</b> | D.C. Code § 9-109.02(e) requires the D.C. Inspector General to submit a report on the results of its audit of the financial statements of the Fund. The report is due to Congress on February 1st of each year for the preceding fiscal year. |
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| <b>NO. 73</b> | <b>Washington Metropolitan Area Transit Commission (WMATC)</b> | <b>STATUS: Start FY 2004</b> |
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| <b>TITLE:</b> | <b>WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION</b> |
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| <b>OBJECTIVES:</b> | The audit objectives are to perform a financial statement audit of the Washington Metropolitan Area Transit Commission for the year ended June 30, 2003. |
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| <b>JUSTIFICATION:</b> | Pursuant to an agreement between the District, Maryland, and Virginia, the District is required to perform an audit of the WMATC every three years, alternating with Maryland and Virginia. |
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